

**Response to AG's
Fourth Set of Information Requests
Witness Responsible: Lee Smith**

**Blackstone Gas
DTE 01-50**

AG-4-1 Please provide copies of all of the Company's current tariffs, including all terms and conditions.

Response:

Please see electronic copies of current tariffs.

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AG-4-2 Please provide a red-lined version of the Company's tariffs incorporating all proposed changes.

Response:

Please see redlined versions of tariffs and CGAC attached.

AG-4-3 Please redo the Company's fully allocated cost of service study to exclude all gas and related costs that the Company proposes to recover through the CGA or other adjustment clause mechanism. Include all associated workpapers, calculations and supporting adjustments, along with a narrative explaining the specific adjustments that were made to eliminate the gas and related costs. Provide as part of the response a diskette containing the cost of service worksheets and supporting calculations as Excel files with cell formulae in tact.

Response:

Please see attached file.

AG-4-4 Please provide all supporting workpapers, calculations, assumptions and supporting data related to the development of the external allocators identified in the cost of service study, Exhibit 2, Schedule 5.

Response:

All data used to develop the external allocators was provided electronically in the weather normalization Excel file. Please see the file attached to AG-4-6, PR Model.xls, for the PR allocator inputs.

AG-4-5 Please identify the data included in the development of each of the internal allocators identified in the cost of service study, Exhibit 2, Schedule 5.

Response:

The internal allocators are developed internally to the cost of service model. The data and the formulae for the internal allocators are found in the model.

AG-4-6 Please provide a diskette containing all the Excel worksheets supporting the Company's Exhibits. Include all supporting worksheets and cell formulae. Please note these data appear to be downloadable from the DTE website, however many of the formulae contain cell references that do not function when downloaded.

Response:

The cost of service model uses formula links to two other files, weathernorm.xls, available on the Department's website and PR Model.xls which is attached. To get the formula links functioning properly save the three files, 2001cos.xls, PR Model.xls, and Weathernorm.xls to the same directory. Using the Links command under the Edit menu in Excel change the source of the links in the 2001cos.xls file so they refer to the other two files in the directory.

AG-4-7 Refer to Exhibit 10, M.D. T.E. NO. 72, page 2 of 3. Please provide all supporting material, data, calculations and assumptions supporting the Company's use of a 30 day working capital allowance for gas.

Response:

The Company's monthly gas bills are due 25 days after the end of the month in which gas was received. The Company normally reads all meters in the last few days of the month and customers receive bills within the first few days of the preceding month. In the month of July all meters were read by July 27. Thus approximately 5 days of July usage would not be billed until the following month. The Company estimated that its average revenue collection lag was about a month and a half. The 45 day collection lag less the gas payment lag results in a 20 day lag on 25 days of usage, and a 50 day lag on 6 days of usage. The weighted average is just about 25 days.

AG-4-8 Refer to Exhibit 10, M.D.T.E. NO. 72, page 1 of 3. Please explain why the WC term of the GAF formula is not divided by annual sales.

Response:

The annual sales term was mistakenly omitted from the working capital calculation. Attached is a revised CGAC tariff that shows the cost of working capital divided by projected annual sales.

AG-4-9 Is the Company proposing to recover its gas related bad debt expense through base rates? If yes, please explain why?

Response:

Yes, the Company is proposing to continue collecting gas related bad debt expense through base rates. Moving uncollectibles to the CGA will be complicated and create various problems. Either the CGA would have to be made class specific or the collection by class would not reflect the allocation of these costs. At the same time there are no transportation customers and no prospect for any.

AG-4-11 Refer to Exhibit 7, Rate Design Worksheet. Please explain how the low income discount amount was determined. Provide all workpapers, calculations and assumptions regarding the estimated number of customers and usage. If the Company has not contacted the local CAP agency to determine an estimate of the number of eligible customers, please do so and provide the agency's response. If the Company has obtained this information already, please provide it.

Response:

The Company decided upon a 25% discount based on two factors. One was the potential impact of the discount on other customers. It was felt that a 25% discount would not significantly increase the cost to other nonsubsidized customers. Blackstone is not a wealthy community and the Company did not want to significantly increase the rates of moderate income customers to assist slightly lower income customers. In addition, we made a rough estimate that prior to last winter's run-up in gas costs, other companies discounts were in the same range. The local CAP agency was contacted but was unable to provide any information helpful in estimating the number of eligible customers.

AG-4-12 Please explain why the Company selected a 25% discount for its low income rate proposal. Include a schedule showing the effective distribution rate discounts for each of the other Massachusetts LDCs.

Response:

Please see response to AG-4-11 for first part of question. The company does not have a specific analysis of the low income discounts of other Massachusetts LDC's.

AG-4-13 Please provide the billing determinants used in the Company's rate design.
Include a detailed explanation of how these determinants were developed and all
supporting workpapers, calculations and assumptions.

Response:

This information was provided in the Company's filing.

AG-4-14 Please provide all the data supporting the twenty year average heating degree days used in the Company's weather normalization calculations. Include the source data for each month of the twenty years.

Response:

Please see attached electronic file.

AG-4-15 Please provide the test year actual monthly sales quantities and revenues for each of the Company's rate classes, the school and each special contract customer (including arrangements with interruptible, firm, quasi-firm, and off system customers). Include the rates charged by category (customer, base rate by block, CGA per unit, DSM per unit, administrative charges, balancing charges and penalties, etc.). Include the details of any adjustments made to actual billed amounts. Indicate whether these amounts were billed under a tariff or a special contract. Please provide copies of all contracts with the school and all other special contracts.

Response:

The sales and revenue data was provided in the Company's filing. The company records revenue on a total bill basis. There is no breakdown by customer charge, headblock, tailblock, etc. The CGA factors for the test year are as follows: Jan-Apr: 0.4159, May-Oct: .3702, Nov-Dec: 0.5763. There were no adjustments to the billed amounts. The company has no special contracts as the contract with the school has expired.

AG-4-17 Please provide, for each of the Company's rate classes, the school and each special contract customer (including arrangements with interruptible, firm, quasi-firm, and off system customers), an estimate of the sales and revenues anticipated during 2002. Include all supporting workpapers, calculations and assumptions.

Response:

Please see the Company's Long Range Demand Forecast filing, DTE 00-81.

AG-4-18 How does the Company account for these revenues and expenses related to the school and each special contract customer (including arrangements with interruptible, firm, quasi-firm, and off system customers)? Provide the account and sub-account numbers, and descriptions of these accounts.

Response:

School Revenue is recorded in the revenue account for rate S-1. Interruptible sales revenue is recorded in an interruptible revenue account and as per the CGAC 75% of the revenue is returned to firm sales customers.

AG-4-19 Are there other schools in the Company's service territory that are currently being served under the Company's general service rate? If yes, is it the Company's intent to transfer these schools to the proposed school rate? If no, why?

Response:

No, there are no other schools that are customers of Blackstone Gas.

AG-4-20 Are there other schools in the Company's service territory that qualify for the proposed school rate? If yes, is it the Company's intent to market to these schools? If no, why?

Response:

No. There are no other schools that are customers of Blackstone Gas.